

Commission on Streamlining Government

Senator Jack Donahue, *Chairman*
Roy O. Martin, *Vice Chair*
Angele Davis, Commissioner of
Administration
Barry Erwin
Brett F. Geymann, Representative
Leonel Hardman
John Kennedy, State Treasurer
Lansing Kolb
Mike Michot, Senator
Jim Morris, Representative



P. O. Box 44481
Baton Rouge, LA 70804
Telephone: (225) 342-2762
or 1-800-205-9873
Facsimile: (225) 342-9784
email: streamline@legis.state.la.us

Commission Staff
Jerry J. Guillot, *Administrator*
Tim Prather, *Coordinator*
Trudy Fourmy, *Secretary*

MINUTES

Tuesday, September 22, 2009
9:00 a.m.

Senate Committee Room A-B

DATE APPROVED: 11-03-09

I. CALL TO ORDER

A meeting of the Commission on Streamlining Government was held on Tuesday, September 22, 2009 in Senate Committee Room A-B of the State Capitol in Baton Rouge, Louisiana. Chairman Donahue call the meeting to order at approximately 9:07 a.m.

II. ROLL CALL

The secretary called the roll and the following was noted:

MEMBERS PRESENT

Senator Jack Donahue
Senator Mike Michot
Representative Jim Morris
Representative Geymann
State Treasurer John Kennedy
Angele Davis, Comm. of Administration
Barry Erwin
Leonel Hardman
Lansing Kolb

MEMBERS ABSENT

Roy Martin

STAFF PRESENT

Jerry Guillot, Administrator
Tim Prather, Coordinator
Trudy Fourmy, Secretary

WITNESSES PRESENT:

Jay Dardenne, Secretary of State
Eve Gonzales, Public Service Commission
Paul Pastorek, Superintendent of Education
Shannon Templet, Department of Civil Service
Mike Strain, Commissioner, Department of Agriculture
Buddy Caldwell, Attorney General
John Sinquefield, Attorney General's Office
Renee Free, Attorney General's Office
Brad Ott, Former Member of the Regional Health Care Commission

III. APPROVAL OF MINUTES

Treasurer Kennedy moved to adopt the minutes of the August 18, 2009 meeting. There being no objection the minutes were adopted.

IV. ADVISORY GROUPS - MEMBERSHIP

Senator Donahue announced new advisory group members that have been appointed as follows:

Group of Efficiency and Benchmarking

James Napier
Jeb Bruneau
Ron Gomez

Privatization and Risk Management

Bill Fenstermaker
David Perry
Raymond Peters

Advisory Group on IT Integration

Patrick Thompson
Della Bennett
Senator Ann Duplessis

Elimination of Duplicative and Non-Essential Services

J.H. Campbell
W.J. Gordon
Evans Spiceland

Civil Service and Employee Benefits

Representative Mike Danahay
Liz Murrill.

V. AGENCY PRESENTATIONS

The first agency to make a presentation was the Department of State. Secretary Dardenne began by stating that their agency receives \$21,587,807 in State General funds. The total federal funds include \$14,426, 727 in HAVA (Help America Vote Act) funds. They are expecting more as Congress makes more money available. Those funds have to be approved according to the spending plan that is submitted to a committee. They have \$21,773,971 in stimulus money which will go away in two years and will have to be replaced with state dollars. He commented on the list of ten things they would be doing to reduce cost while maintaining quality and level of service. Senator Donahue asked for a copy of the handout for the members after the meeting.

After being elected, he eliminated a couple of high paying unclassified positions and consolidated them into a smaller number of people without increasing the salaries of the people who remained. They have established a single museum system and eliminated admission charges. Attendance has grown and they have done this with two administrators with a combine salary of \$110,000.00. He is attempting to collaborate with the Lt. Gov. office the museums. He did not think there would be a savings if there was a single system as there is not a lot of overhead related to operation. They do not have any money for marketing of the museums. They have also established go-biz.com which will be a portal for businesses to reach other areas of state government and have received some funding for this. They are introducing, in the future, on-line filing for annual reports and for business filings which will provide some efficiencies in the long term. They have asked the legislature to eliminate some of the elections days, which has been done. When time comes for special legislative elections, those elections should be held on regularly scheduled election dates, as they spent \$500,000.00 of the taxpayer's money to have two special elections that could have been held in the elections coming up in the fall. They have also consolidated the notary exam process and the application process is centralized in their office. In Louisiana the state owns all of the voting machines and his office is responsible for every aspect of voting, but that is not the way it is in most states. This brings expenses that are not there in other jurisdictions. They do as much as they can within the department so that there are no third party vendors. The old state capitol has received significant amount of one time state money for an investment for the exhibit redesign. It will generate a lot of dollars for the state and the Baton Rouge area. They have raised about a million dollars to put into the museum and are looking to get a million and half. The state has made a significant capital outlay expenditure to construct the Eddie Robinson museum which is a conversion of the old women's gym. They are hoping to raise \$500,000 private funds before it opens next year.

He further explained that they maintained the museums but he did not have any specific dollars figure, but could get it. Otherwise they would have to go to the Division and to Facility planning and let them know what needs to be fixed. Senator Donahue asked if Facility and Planning would be responsible for paying for the problems, how he would be able to do collections. Mr. Dardenne replied that people donate to various museums and it adds to their collections. Their curator is responsible for reviewing any offer of a donation. They do not accept everything, but make an evaluation of whether it is of historical significance and whether or not it is of curator quality, which varies from museum to museum.

Senator Donahue asked what the \$14.4 million in federal funds was being used for. Mr. Dardenne testified it is used for very specific improvements in the election process pursuant to the dictates of Help America Vote Act. There is a committee that has to approve the expenditure of the enhancements that they may implement such as upgrade to the machines and improvements to the process that are a part of the HAVA funding program.

Ms. Davis asked if he could quantify the savings of some of the initiatives that were talked about. Mr. Dardenne answered by the elimination of some of the positions, they could certainly quantify what the dollar savings were and the election date savings can be quantified but he did not know if the go-biz is quantifiable. Consolidation of the Education and Outreach is quantifiable because they

do not have another person in that position. The help they get from the Friends group is quantifiable to some extent. He could not quantify the overall state centralization of the election process, but knew that all efforts led to the belief that they did not want to have to contract with third parties to provide particular services. Their functions are very narrow and limited by statute and they perform functions that the legislature says need to be performed and that the constitution dictates. When asked if he had a plan to strategically reduce the number of positions in the department, he stated they did not have a plan in place that would do that but had a goal in place.

Ms. Davis requested somehow to quantify the savings from elected officials so that they can see how that would help meet the shortfall. Senator Donahue requested staff to handle it.

Mr. Erwin asked if local elections cost the state money because of using the voting machines and how that worked. Mr. Dardenne informed him that it did cost us money because personnel has to be involved in the election, but local governments pay for local elections when they are not piggybacked on top of a statewide election. Mr. Erwin then discussed Go-Biz. Mr. Kennedy then asked about the exhibits at the Old State Capitol.

Rep. Geymann asked for the total number of employees in his department. TO is 337 in this year's budget and also some part-time positions related to elections that increase that number, the breakdown being 14 or 15 unclassified positions, primarily administrative staff. The majority of employees are in the election and commercial divisions.

Senator Donahue reminded the commission that the purpose of this was to get a feel for the agency and then add them into the sub groups to talk in detail.

Representative Morris wanted to know what he would do to change anything in Civil Service. He answered that he wished he had flexibility and control over rewarding good employees and getting rid of the ones that are not doing well.

Senator Donahue then called on the Public Service Commission. Eve Gonzales testified stating the LPSC is a constitutionally created independent regulatory agency with planetary authority over the regulation of public utilities and common carriers dedicated to serving the public by assuring them safe, reliable and reasonably priced services. It is headed by five elected officials representing five districts throughout the state. The Commission is similar to regulatory agencies in 49 other states, but it is very different with regard to typical state design. They receive no money from the state general fund as well as federal funds. They are solely funded by fees and fines collected from entities that are regulated through statutory dedications. The LPSC has always operated with streamlining in mind because they cannot spend what they do not collect. They regulate intrastate common carriers and administer the Do Not Call program, as well as the first responders during natural and man made disasters. They are on the clock 24/7 working with utilities during outages. Upon a declaration of emergency the LPSC is a part of the state's unified command in partners with the Governor's Office of Homeland Security. Unfortunately, despite the LPSC's self sufficiency, the state invaded and swept LPSC accounts. Although state law permits the LPSC to collect funds for specific purpose for financing its regulatory mandate, 50% of those self generated funds were taken

from them and co-mingled with state general funds in an attempt to balance the state's budget. The LPSC regulates 16 electric utilities, IOUs and co-ops, which is approximately two million customers, twelve natural gas distribution systems with 700,000 customers. It currently regulates 79 water systems, 113 sewer systems and over 1,400 telecom service providers. They have currently registered over 800 telemarketers and have two million subscribers in the do not call program. The LPSC has had its self-generated budget cut per mandatory across the board cuts to all state agencies. This has resulted in reduced funding in an already streamlined agency which results in reduced services. They have a staff of 103, including five elected commissioners. This is down from 122 TO in 2006. Their budget of \$8.9 million includes funding the commission's central office and district offices throughout the state. Their recommendation was to allow them to continue to operate and function as it always has, a statutorily dedicated self-funded regulatory agency. She reminded the commission that due to their mechanism of funding, the LPSC budget does not impact the state's budget. They have been very frugal in budgeting and continue to work on a streamline budget. She hoped to keep the current staff of trained professionals in order to continue to serve the commission, the citizens of Louisiana, and industry in a fair and proficient manner. She presented the surveys, reports, and document, as well as the ten streamlining budget saving items that are in the process of being implementing.

Ms Davis stated that since the Governor's Executive Order on the hiring freeze has been effect, she noticed that three positions had been added instead of reducing them. Ms. Gonzales answered that they received eleven back and are looking at what can be done. They were operating without necessary positions, one position an engineer and they need someone qualified to make sure the improvement have been made. They have been operating without our purchasing agent, without the accountant and those positions were some that were eliminated or unfunded. They have gone back to refill some of those positions as the freeze doesn't apply to them, but are not trying to immediately fill them all, just the ones needed to be filled.

Ms. Davis compared FY 05 budget to FY 10 appropriation, stating there was an increase of \$420,000 and a decrease of 19 positions, asking if the majority of those positions are with the transfer of that program to public safety. Ms. Gonzales answered they lost 17 positions, but we also lost eleven positions that were not related to those programs. They do not receive taxpayer dollars. All money comes from collections.

Paul Pastorek, Superintendent of Education gave a vision and mission statement of public education to increase academic achievement for all, to eliminate the gaps between races and classes and to prepare our students to be effective citizens in a global marketplace and to do this they will have to transform the State Department of Education. Regulation and promulgation will not get it done in the field. Their strategy is to provide strong technical support for change in local schools and provide best practices. They are not looking to hire more people. They expect to become a leaner organization and will get some specific dollars savings information to the commission. He stated he was open to any ideas and observations about what should be done. They have money to support the department, the special schools district and the individual schools for special children, visually impaired and the deaf. They have another line of money which is flow through money. Billions of dollars in federal money flows through the department and about \$200 million of state's money go

directly to districts. They have 739 employees. They oversee the Recovery School District which has about 1,197 employees and a budget of \$300 million. They have functional supervision over the Schools for the Deaf, Visually Impaired, and Special Education Center at a budget of \$46 million and 577 employees. Their staffing ratio is 1 to 9 for supervisor staff to front line employees. This exceeds the state benchmark of 1 to 3 and exceeds the national benchmark of 1 to 8. They have a number of employees that participate in TESL and 36% are eligible for retirement. He then listed a number of efforts that they have identified to reduce cost. 1) Consolidate Operations; 2) Realign the Organization; 3) Modernize Operations through Technology; 4) Outsourced Savings; 5) Identify New Funding Sources; 6) Integrate Workforce Training; 7) Eliminate Underperforming Programs; 8) Coordinate Services; 9) Reposition Minimum Foundation Program (M.P.); and 10) Identify Efficiencies in Recovery School District. He then discussed their strategies for drop-out issues.

Senator Donahue reminded him that programs will be cut and that now was the time to cut rather than hang on with hopes it would not happen. Representative Geymann then discussed the number of employees and cuts if needed. Mr. Pastorek stated he would do what needs to be done

When asked about privatization and outsourcing transportation and food service, Mr. Pastorek stated it was a touchy area, as it was an opportunity to give people jobs and he did not want to target districts. They then discussed food service laws.

Mr. Kennedy and Mr. Pastorek discussed the number of teachers and non-teaching personnel. Mr. Kennedy thought more money should be spent in classrooms. Mr. Pastorek suggested putting a cap on administrative expenses. Mr. Kennedy asked for the number of employees when he took office and how much money they have spent on legislative affairs. Mr. Pastorek stated that they have one full time, Joe Salter, at \$120,000 and one part time, Patrick Dobard, at \$100,000. He explained that it took a lot to keep up with the legislature and that they did other duties. Senator Donahue then decided it should be passed on to the advisory group on Benchmarking. Mr. Kennedy explained that we have \$200,000 times four which is \$800,000 plus benefits, including retirement and could not understand why it is better to spend a million dollars on legislative affairs, than spend that money in the classroom? Mr. Pastorek disagreed and stated that it takes a lot of time to manage our relationship with the legislature and the governor's office and would love not to have to spend the money on something else. It is like maintenance of the building and lease payments, the cost of doing business. Mr. Kennedy reminded him that some changes are going to have to be made and he wanted Mr. Pastorek to think hard about how much money in the department is being spent on programs that are going to improve teaching.

Senator Donahue stated to Mr. Kennedy that the MFP is a Block Grant which is given to the individual school districts. There are criteria that develop the amount of money that each of the districts receive that has to do with number of students, poverty, etc. It is a real complicated formula. It seems to be that what you are talking about doing is exactly what needs to be done and it fits into benchmarking. You get additional dollars when you meet the criteria and you could actually control portions of those monies and dictate that the money be spend that way. Perhaps that is where you will be heading with your Advisory Group.

Ms. Davis discussed the past reduction in personnel and how the budget has grown due to the MFP. She wanted the commission to have a list of underperforming programs and Mr. Pastorek agreed to supply that list.

Shannon Templet, Director of State Department of Civil Service, testified that their budget is \$9.1 million. They have policies and procedures in place for agencies to manage employees. She discussed classified and unclassified positions. She then discussed ASCEND 2020. She also explained rules with regard to lay offs and reorganization, as well as Chapter 6 payroll, elimination of merit increases, performance based compensation and incentives. Senator Donahue discussed with her the pay scales, poor performers and merit increases.

Representative Morris inquired as to what could be done to reduce the number of classification for jobs more than we have already done. Ms. Templet informed him that they have approximately 1,400 job titles and some of them will be cut. They are studying broad banding to see if there is any way to condense some job titles together.

Mr. Kennedy then discussed with her cutting employees from \$1,400 to 500, and a performance plan which should be ready by November 4. Mr. Hardman discussed due process and appeals.

Mike Strain, Commissioner of Agriculture, testified for his seven offices. They have eliminated construction programs, dissolved the Office of Marketing, reduced cabinet level positions, reduced workforce by 152, close 2 mechanic shops, reduced their vehicle fleet, sold over \$2 million of heavy equipment, and repealed the State Market Commission. They are also in the process of eliminating some of their forestry air fleet, a grain lab, totally suspending the nuisance animal program and have reduced state general funds by \$20.5 million. He then discussed how they have lowered their positions.

Senator Michot discussed with him his fleet of automobiles, the GPS tracking system and how it has savings for fuel consumption. He then discussed impending layoffs and duplications. Ms. Davis asked for a list of programs he could suggest for elimination or consolidation.

Representative Geymann asked Mr. Strain for comments on outsourcing inspections in the department that does the pesticides. Mr. Strain told him that they are predominately a regulatory agency and receive a fee for pesticides inspections. They have a lab that does a lot of that work but could outsource it, but it would be a substantial increase in cost to the consumer.

Mr. Strain stated they are doing a slow and systematic approach looking at programs. In Ag/Forestry the programs must be flexible. There will be a ebb and a flow in the number of personnel. They will have a layoff plan coming within a week where they must downsize again because they do not have enough funds. In a \$90 million budget they receive about \$20 million in state general fund are closely getting to an area where if he is forced to eliminate people in these services, there will be risk to the public. It is based on the programs and he has 61 programs. They will analyze those and

make adjustments if they are needed. They also have to have the flexibility to increase programs.

Ms. Davis: asked if he has a strategy for maximizing his self generated fees Mr. Strain answered that they were looking at the overall budget, that a lot is self generated, but it is also tied to the economy. Looking at the fees that they receive for the regulation, weights and measures and standards and fuel, there has been a direct decrease in consumption in these products in Louisiana and across the United States. Their fees will rise and fall as there is activity. As a result of the hurricanes and the overall worldwide economic problems, they have a decrease of 135,000 acres of productive farm land in the state this year and that reduces the fees. They are trying to move, as much as they can, to electronic tracking. Ms. Davis then asked for a list of programs that he would suggest elimination or consolidation of. Mr. Strain stated they have 61 programs, 25 boards and commissions and two that are under our statute, but not under our control. He appoints 17 commissions and the governor appoints 8 and two neither the governor or he appoints, and they are looking at those. Some of the commissions serve at no per diem and no cost and they bring a great deal of expertise to the table. All but five had adjudicatorial authority and without that authority he would have to hire a civil law judge and pay them for what the boards do for free. His department is very broad and has a great deal of regulatory authority. They are going to look at these and try to consolidate them as long as it can be done without losing the scientific and expertise in these areas.

Ms. Davis then discussed his opportunity at leveraging LSU Agriculture College to provide some of those services and programs. Under the Constitution all the authority for the regulation and protection of agriculture, except for extension and research, will lie in the realm of the department.

Buddy Caldwell, Attorney General, introduced Mr. Sinkfield and Renee Free, who had involvement in their downsizing. He went over their core mission and stated that all of their employees are unclassified. Mr. Sinkfield gave testimony as to the savings of \$118 million since Mr. Caldwell came into office. They serve at approximately \$30 per hour and to outsource, it would cost \$150-175 per hour. They have eliminated some programs and are looking at their automobile fleet. He then asked that the commission look at their innovative ideas to generate funds.

Mr. Kennedy and Mr. Caldwell discussed the Justice of the Peace and Constable training. He also gave detail on internet crimes.

Ms. Free gave information on outside contracts. Ms. Davis requested information on the increase in their budget. Mr. Caldwell explained the previous AG increased his amount of attorneys to keep cost of outside help down.

John Kennedy, State Treasurer, testified to their four core functions, checking, loans, savings and interest, and lost and found. Their budget is \$12 million, only 4% coming from state funds. He then discussed "Bid LA" that allows banks to compete with interest rates on-line. His suggestion for

savings was to end earmarking, to move the Bond Commission to computer rather than paper, cutting the amount of vehicles in the state, adjusting requirements on advertising unclaimed property, and to sunset all dedications. Lastly, he thought something should be done on worker comp mediation.

Mr. Kennedy told Senator Donahue that 80% of the 385 funds in the sunseting of the dedications could not be undedicated. He further stated the test would be if the money was undedicated, would it automatically flow back into the general fund. The vast majority of the statutory dedications would flow back into the general fund. They have constitutional dedications and he was not suggesting that we change those. It would free up at least one and half to two billion dollars. Senator Donahue acknowledged that if those figures were half correct and that would be done, it would give the people who are making the decisions about what is important for the state the ability to make those decisions for the state and asked if this was something the advisory group was working on? Mr. Kennedy stated that a motion passed yesterday that will be coming this way.

Representative Geymann and Mr. Kennedy then discussed NGO's and earmarking, along with reduction of staff. Rep. Morris discussed the toll on the Crescent City River Bridge and the ferries. Ms. Davis gave information on the "lost" money, saying it was deposited into the Capital Outlay account in 1987, before any of those present were in office. Mr. Kennedy agreed to get a list of constitutionally mandated dedications.

Senator Donahue discussed the forms for the advisory group recommendations, saying they will be accepted at the October 13 meeting. He invited every member to join the Listening Tour.

Senator Donahue stated that he served on the Causeway Commission for four years. For years the state had the Causeway Commission operate, pay their bills and then the state took everything else. As a result, no maintenance occurred on the bridge until 1993, when the commission said they needed to start maintaining the bridge. The legislature was able to start setting aside some of that money for maintenance on the bridge. The causeway is one of the few entities in the state government that can accomplish something and it has rated approaches that are some of the best in the country. The 24 miles across the bridge is some of the safest in the state. He didn't know if taking the tolls off the bridge is the right thing to do, because it is mammoth to maintain the bridge. Why wouldn't we fix the system so it will operate the way it is suppose to rather than doing away with it. I heard you say pay off the bonds and then start over. We have an opportunity with the tolls on that bridge and if you would tie in the tolls on the causeway, you could start to create an authority that would govern all of that area and he saw opportunity there as well as the problems.

Brad Ott, Former Member of the Region Health Care Consortium discussed the Recovery School in Orleans Parish. He thought people of the New Orleans area should have input. He also discussed outsourcing of oversight on levees that led to a catastrophe.

V. ADJOURNMENT

Senator Donahue: Treasurer Kennedy moved that the meeting adjourn. There being no objection the meeting was adjourned at 1:01 p.m.

NOVEMBER 3, 2009

DATE APPROVED

Senator Jack Donahue, Chairman